

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

La Grande Post Office
La Grande, Washington 98348

Docket No. A2011-98

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(November 22, 2011)

On September 28, 2011, the Postal Regulatory Commission (Commission) received an appeal postmarked September 19, 2011, from postal customers David and Judi Smith (Petitioners) objecting to the discontinuance of the Post Office at La Grande, Washington. On September 30, 2011, the Commission issued Order No. 891, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). Also on September 30, 2011, the Commission received correspondence from Roger Bush, Chair of the Pierce County Council. In accordance with Order No. 891, the administrative record was filed with the Commission on October 13, 2011. On November 1, 2011, the Petitioners filed a Form 61 in support of the petition.

The correspondence received by the Commission in this docket raises three main issues: (1) the effect on postal services and the security of rural boxes, (2) the impact upon the La Grande community, and (3) the calculation of economic savings expected to result from discontinuing the La Grande Post Office. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. In addition, consistent with the Postal Service's statutory obligations and

Commission precedent,¹ the Postal Service gave consideration to a number of other issues not addressed by Petitioner, including the impact on employees. Accordingly, the determination to discontinue the La Grande Post Office should be affirmed.

Background

The Final Determination To Close the La Grande Post Office and Continue to Provide Service by rural route service ("Final Determination" or "FD")², as well as the administrative record, indicate that the La Grande Post Office provides EAS-51 level service to no carrier delivery customers, to 17 Post Office Box customers, and to retail customers for 3 minutes daily, and less than one-half hour per week.³ The postmaster of the La Grande Post Office will be offered a reassignment.⁴ The average number of daily retail window transactions at the La Grande Post Office is 4, accounting for only 3

¹ See 39 U.S.C. 404(d)(2)(A).

² The Final Determination can be found at Item 46 in the Administrative Record. All citations to the Final Determination will be to "FD at I 1. or I 2., etc," rather than to Item 46. The FD number refers to the numeral and item number cited as marked in the document. Other items in the administrative record are referred to as "Item X, pg. X."

³ FD at I; Item No. 33, Proposal to Close the La Grande, WA Post Office and Continue to Provide Service by Rural Route Service ("Proposal"), at I. The Petitioners raise concerns about the timing of the collection of the information citing tourist traffic in the summer, which could have potentially increased the retail customer workload. According to Item 10, Window Transaction Record, the Window Transaction Survey, Survey of Incoming Mail, and Survey of Dispatched Mail at the La Grande Post Office was scheduled to be conducted from March 5, 2011 to March 18, 2011. The survey is just a snapshot at a point in time. Sometimes, it will reflect normal activity, and sometimes it may reflect conditions that may affect business traffic, such as extremes in weather conditions that may suppress the figure, or a large gathering or event is held in a less populated area that may increase the overall average. In any event, the daily number of transactions is not the sole factor informing this determination; it is merely one of many facts considered. Furthermore, considering the fact that the average amount of daily retail minutes was only 3 minutes of workload, even if the workload in the summer was double or triple the amount surveyed, it would not be enough to justify the retention of the La Grande Post Office.

⁴ FD at I; Item No. 33, Proposal, at I. In the Final Determination it was noted that the Postmaster had been reassigned. This notation was in error. The Postmaster is being offered a reassignment. Although the position of Postmaster is not currently vacant, this error does not change the essential facts of this case or change the need for the Postal Service to change course in this discontinuance action.

minutes of workload daily. Revenue generally has been marginally rising by approximately \$200.00 a year.⁵

Upon implementation of the Final Determination, delivery and retail services will be provided by rural route delivery administered by the Eatonville Post Office, an EAS-18 level office located only 4 miles away, which has 7 available Post Office Boxes.⁶ This service will continue upon implementation of the Final Determination.⁷ Rural delivery service will be provided to either cluster box units (“CBUs”), free-standing units of individually locked mail compartments installed and maintained by the Postal Service at no cost to the customer or to rural mailboxes erected by customers.⁸

The Postal Service followed the proper procedures that led to the posting of the Final Determination. All issues raised by the customers of the La Grande Post Office were considered and properly addressed by the Postal Service.⁹ The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means. Questionnaires were distributed to all Post Office Box customers of the La Grande Post Office. Questionnaires were also available over the counter for retail customers at the La Grande Post Office.¹⁰ A letter from the Manager of Post Office Operations, Seattle, WA

⁵ FD, at I; Item No. 33, Proposal, at I.

⁶ FD at I; Item No. 33, Proposal, at I.

⁷ FD at I; Item No. 33, Proposal, at I.

⁸ FD at I. 12; Item No. 33, Proposal, at I. 12.

⁹ Petitioners are troubled by some of the standard responses provided by the Postal Service when responding to customer concerns. Petitioners suggest that standard answers are callous. The Administrative Record reflects that while some answers may be “standard” to the extent that these questions have been posed in other discontinuance dockets, the answers provided are responsive to the concerns raised.

¹⁰ FD at I; Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at La Grande Post Office, at Item 21.

was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the continued operation of the La Grande Post Office was warranted, and that effective and regular service could be provided through rural route delivery and retail services available at the Eatonville Post Office. The letter invited customers to complete and return a customer questionnaire and to express their opinions about the service they were receiving and the effects of a possible change involving rural route delivery.¹¹ Ten customers returned questionnaires, and the Postal Service responded.¹² In addition, representatives from the Postal Service were available at the Eatonville Library in Eatonville, WA, for a community meeting on April 7, 2011, to answer questions and provide information to customers.¹³ Customers received formal notice of the Proposal and Final Determination through postings at nearby facilities. The Proposal was posted with an invitation for public comment at the La Grande Post Office for 60 days beginning May 31, 2011.¹⁴ All responses by postal customers provided in response to the “Invitation for Comments” after the Proposal was posted were addressed.¹⁵ The Final Determination was posted at the same Post Office starting on September 1, 2011, as confirmed by the round-dated Final Determination cover sheets that appear in the administrative record as Item 45 and 46.

¹¹ Item No. 21, Letter to Customer.

¹² Item No. 22, Returned customer questionnaires and Postal Service response letters.

¹³ FD at I; Item No. 28, Letter to Customer, at 1; Item No. 24; Community Meeting Roster; Item No. 25, Community Meeting Analysis; Item No. 33, Proposal, at I.

¹⁴ FD at I; Item No. 33, Proposal, at I.

¹⁵ See Item Nos. 22, Returned customer questionnaires and Postal Service Response Letters; 23, Analysis of questionnaires; 40, Analysis of comments.

In light of an upcoming vacancy in the postmaster position due to reassignment, minimal workload; low office revenue;¹⁶ the variety of delivery and retail options (including the convenience of rural delivery and retail service);¹⁷ no projected population, residential, commercial, or business growth in the area;¹⁸ minimal impact upon the community; and the expected financial savings,¹⁹ the Postal Service issued the Final Determination.²⁰ Regular and effective postal services will continue to be provided to the La Grande community in a cost-effective manner upon implementation of the Final Determination.²¹

The issues raised by Petitioners are addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the La Grande Post Office on postal services provided to La Grande customers. The closing is premised upon providing regular and effective postal services to La Grande customers.

The Petitioners, in their letter of appeal and Participant Statement, raise a variety of issues, including the issue of the effect on postal services of the La Grande Post Office's closing. Petitioners note the convenience of the La Grande Post Office and request its retention. The Petitioners express particular concern that the Postal Service

¹⁶ FD at I and II; Item No. 33, Proposal, at I and II.

¹⁷ FD at I and II; Item No. 33, Proposal, at I and II.

¹⁸ FD at II; Item No. 16, Community Survey Sheet; Item No. 33, Proposal, at II.

¹⁹ FD at I and II; Item No. 15, Post Office Fact Sheet; Item No. 29, Proposal Checklist, at I and II; Item No. 33, Proposal, at I and II.

²⁰ FD at I.

²¹ FD at I and II.

is closing the La Grande Post Office solely for insufficient revenues. The record is to the contrary. Although the Postal Service did consider the La Grande Post Office's low revenues, a variety of other factors also informed the Final Determination. Specifically, the Postal Service also considered the the upcoming vacancy, the unit's minimal workload, the expiration of the lease in approximately one year, the cost of upgrades to the building, the variety of delivery and retail options (including the convenience of rural delivery and retail service), very little growth expected in the area, and minimal impact upon the community, and low office revenue. FD at I; Item No. 16, Community Fact Sheet; Item 15, Post Office Fact Sheet; Item 33, Proposal, at I.

Petitioners also contend that service through the Eatonville Post Office will not provide the maximum degree of effective postal services because (1) rural carriers can only provide minimal services; (2) customers are often unavailable (or, in the case of senior citizens or disabled customers, unable) to meet rural carriers at the CBUs; (3) shipping items do not fit into roadside boxes; (4) customers should not have to travel four miles to Eatonville to obtain services; (5) the rural route for Eatonville goes by La Grande, so is not saving any money; (6) putting rural boxes on the route will increase the route; and (7) rural route service is not secure against theft or exposure to adverse weather conditions. Each of these concerns was considered by the Postal Service.

The Postal Service has considered the impact of closing the La Grande Post Office upon the provision of postal services to La Grande customers. FD at I; Item No. 33, Proposal, at I. Rural route delivery to CBUs installed on the carrier's line of travel provides similar access to many retail services, alleviating the need to travel to the Post

Office. FD at I; Item No. 23, Customer Questionnaire Analysis, at 2; Item No. 33, Proposal, at I.

As explained throughout the administrative record, carriers can perform many functions (simultaneously with the delivery of mail) that will prevent any need to go to a Post Office for most transactions. Carrier service is especially beneficial to many senior citizens and those who face special challenges because the carrier can provide delivery and retail services to roadside mailboxes or cluster box units. FD at I; Item 38, Returned Optional Comment Forms and USPS Response letters, at 2, 8; Item No. 33, Proposal, at I. Customers do not have to make a special trip to the Post Office for service. Most transactions do not require meeting the carrier at the mailbox. FD at I. 4, 10, 11; Item 38, Returned Optional Comment Forms and USPS Response letters, at 1, 2; Item No. 40, Customer Questionnaire Analysis; Item No. 33, Proposal, at I. Special provisions are made, on request, for hardship cases or special customer needs. FD at I; Item 38, Returned Optional Comment Forms and USPS Response letters, at 2, 8; Item No. 40, Postal Customer Questionnaire Analysis; Item No. 33, Proposal, at I.

Additionally, the Postal Service explained that it offers several convenient options that can save customers a trip to the Post Office and having to interact with a carrier for most postal transactions. FD at I; Item No. 33, Proposal, at I. Stamps by Mail and Money Order Application forms are available for customer convenience. FD, at I; Item No. 38, Returned Optional Comment Forms and USPS Response letters, at 4, 10, 11; Item No. 40, Customer Questionnaire Analysis; Item No. 33, Proposal, at I.

As explained throughout the administrative record, carriers for the Eatonville rural route already perform many functions for current customers that prevent the need to go to a Post Office for most types of transactions. A small increase of a few more rural route customers, adding the La Grande Post Office customers, will not unduly increase the burden on the rural route that is already in existence. FD at I; Item 38, Returned Optional Comment Forms and USPS Response letters, at 2, 8; Item No. 33, Proposal, at I.

The Postal Service also addressed customer concerns about heightened potential for theft of outgoing or incoming mail when switching to carrier delivery. FD at I. 2.; Item No. 22, Returned customer questionnaires and Postal Service response letters, at 5, 6; Item No. 23, Customer Questionnaire Analysis, at 2; Item No. 33, Proposal, at I. The Postal Service explained that it can provide rural route services to CBUs – secure free-standing units of individually locked mail compartments installed and maintained by the Postal Service with Postal Service-provided locks – rather than to regular rural boxes. Item No. 33, Proposal, at I. The Postal Service also explained that customers can add locks to their rural boxes. Item No. 33, Proposal, at I. This would address customers' safety concerns. The CBUs, parcel lockers (which are offered in conjunction with CBUs), and individual locks on rural boxes should resolve the security concerns that the customers raised.

Upon the implementation of the Final Determination, delivery and retail services will be provided by rural route delivery to CBUs or rural boxes. In addition to rural delivery, which is the recommended alternate service, customers may also receive

postal services at the Eatonville Post Office, which is located only 4 miles away. The window service hours of the Eatonville Post Office are from 9:00 a.m. to 17:00 p.m., Monday through Friday. FD, at I; Item No. 33, Proposal, at I. Furthermore, the special attention and assistance provided by the personnel at the La Grande Post Office will be provided by personnel at the Eatonville Post Office and from the carrier. FD at I; Item No. 33, Proposal, at I. Thus, the Postal Service has properly concluded that all the La Grande customers will continue to receive regular and effective service via rural route delivery to either CBUs installed on the carrier's line of travel or rural boxes.

Effect Upon the La Grande Community

The Postal Service is obligated to consider the effect of its decision to close the La Grande Post Office upon the La Grande community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

La Grande is an unincorporated rural community located in Pierce County. The community does not have a local government and police and fire protection are provided by Pierce County. FD at II; Item No. 16, Community Survey Fact Sheet; Item No. 33, Proposal at II. The questionnaires completed by La Grande customers indicate that, although many use the La Grande Post Office for postal services, in general, the retirees, farmers, commuters, and others who reside in La Grande must travel elsewhere for other supplies and services. See generally FD at II; Item No. 33,

Proposal at II; Item No. 22m Returned customer questionnaires and Postal Service response letters.

Petitioners' appeal raises the issue of the effect of closing the La Grande Office upon the La Grande community. More specifically, Petitioners contend that the Post Office, which has had a continuous presence in the town, plays an important role in the community by providing a place for a public bulletin board and community gatherings and by offering postal and nonpostal services to senior citizens and people with special needs. These issues were extensively considered by the Postal Service, as reflected in the administrative record. FD, at I and II; Item No. 22, Returned customer questionnaires and Postal Service response letters at 13, 14; Item No. 23, Customer Questionnaire Analysis; Item No. 25, Community Meeting Analysis; Item No. 33, Proposal at I and II; Item 38, Proposal comments and Postal Service response letters at 14, 18, 25; and Item 40, Analysis of comments.

The Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name. The record makes clear that the Postal Service is addressing this concern through preservation of community identity by continuing the use of the La Grande name and ZIP Code in addresses. FD at II; Item No. 22, Returned customer questionnaires and Postal Service response letters at 13, 14; Item No. 23, Customer Questionnaire Analysis; Item No. 25, Community Meeting Analysis; Item No. 33, Proposal at II; Item 38, Proposal comments and Postal Service response letters at 14, 18, 25; and Item 40, Analysis of comments.

Communities generally require regular and effective postal services and these will continue to be provided to the La Grande community. Rural carrier service is expected to be able to handle any future growth in the community. FD, at I and II; Item No. 33, Proposal, at I and II. In addition, the Postal Service has concluded that nonpostal services provided by the La Grande Post Office can be provided by the Eatonville Post Office. Government forms usually provided by the Post Office are also available by contacting local government agencies. FD at II; Item No. 22, Returned customer questionnaires and Postal Service response letters; Item No. 23, Customer Questionnaire Analysis; Item No. 25, Community Meeting Analysis; Item No. 33, Proposal at II; Item 38, Proposal comments and Postal Service response letters; and Item 40, Analysis of comments.

Additionally, as already explained above in response to Petitioners' concerns about whether effective service will be provided to senior citizens and those needing additional assistance, the Postal Service considered the impact of the closing of the Post Office on those individuals. The Postal Service explained that services provided at the La Grande Post Office will be available from the carrier. Carrier service is beneficial to many senior citizens and others because the carrier can provide delivery and retail service to roadside mailboxes or cluster box units. Customers do not have to make a special trip to the post office for service. Most transactions do not require meeting the carrier at the mailbox. Special provisions are made, on request, for hardship cases or special customer needs. Stamps by Mail and Money Order Application forms are available for customer convenience. FD, at I and II; Item No. 22, Returned customer

questionnaires and Postal Service response letters at 9, 10, 19, 20; Item No. 23, Customer Questionnaire Analysis; Item No. 25, Community Meeting Analysis; Item No. 33, Proposal at I and II; Item 38, Proposal comments and Postal Service response letters at 1, 2, 8, 17; and Item 40, Analysis of comments.

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the La Grande Post Office on the community served by the La Grande Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that rural route carrier service would cost the Postal Service substantially less than maintaining the La Grande Post Office and would still provide regular and effective service. Item No. 21, Letter to Postal Customer. The estimated annual savings associated with discontinuing the La Grande Post Office are \$15,791. FD at IV; Item No. 33, Proposal, at IV. Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record and consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). FD at IV; Item No. 33, Proposal, at IV.

Petitioners state that the Postal Service should not have factored in the costs of repairing and upgrading the facility or the costs to maintain the lease. As Petitioners point out, the lease expires on December 31, 2012. Item No. 18, Post Office Fact Sheet.

Petitioners argue that this is a long way into the future. Petitioners also argue that the amount paid for the lease, \$1,800, is minimal. Although the current lease payment is relatively minor, eliminating the payment would still represent a savings to the Postal Service. The cost savings will arise from the termination of the lease forward and perhaps earlier if the Postal Service is able to sublease the property. Moreover, even if the Postal Service did have to continue to pay rent through the end of the lease term, the amount in question is a small fraction of the overall estimate of economic savings.

Petitioners also take issue with the economic savings of upgrading and maintaining the postal facility. Petitioners claim that there have been no complaints about the condition of the building, so upgrades are not necessary. The Postal Service must maintain all facilities in a safe manner and make necessary repairs when the need arises. In the case of the La Grande Post Office some repairs and upgrades are necessary and the Postal Service has determined that the cost of the repairs will exceed the cost of the building. Item 18, Post Office Fact Sheet.

Petitioners criticize the Postal Service for failing to account for costs borne by customers to travel to other Post Offices. Such costs are not, however, required to be included in the economic savings calculation. In this case, the Postal Service appropriately applied its financial analysis to calculate the economic savings, as the pertinent statute requires that the “economic savings *to the Postal Service*” be factored in the savings calculation. See 39 USC 404(d)(2)A)(iv) (emphasis supplied).

In their Participant Statement, Petitioners also challenges the FD on grounds that the small amount of savings that will be achieved by discontinuing the La Grande Post

Office. Petitioners state that the savings achieved by closing small rural Post Offices would only be less than one percent of the Postal Service's entire operational budget. While this may seem insignificant to Petitioners, it is significant to the overall cost reduction focus of the Postal Service. The Postal Service is looking at all opportunities to operate efficiently and provide effective and regular service. While the savings from any given initiative may seem small, these savings can make a difference when added together.

The Petitioners' letter of appeal also suggests the Postal Service consider other strategies rather than closing rural offices with small budgets. The Postal Service has broad experience with and has considered other options, but must recognize its obligation to maintain postal facilities in conformity with reasonable economies of postal operations while maintaining ready access to essential postal services. Moreover, the Postal Service is only required to demonstrate that the closure of the specific Post Office under review will satisfy the criteria set forth in § 404(d), not whether the impact of closing a number of rural offices will have a large impact on the Postal Service's financial situation. In this case, the Postal Service has determined that rural route service to CBUs is the most cost-effective solution for providing regular and effective service to the La Grande community.

Petitioners also question the consistency of this discontinuance action with provisions in Title 39. Pursuant to 39 U.S.C. § 404(d)(2)(A)(iii), the Postal Service in determining whether to close a Post Office must consider whether such closing is consistent with the policy that the Postal Service provide "a maximum degree of

effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining.” The Postal Service's view is that the "maximum degree" obligation in section 101(b) must be read in the context of related statutory provisions. It is a directive to recognize that special consideration must be given to the greater likelihood of dependence on postal retail facilities for access to postal products and services in rural communities and small towns; however, this concern must be balanced with Congressional mandates that the Postal Service execute its mission efficiently and economically. See sections 101(a); 403(a), (b)(1) and (b)(3); 404(d)(2) and 3661(a). Here, the Postal Service then analyzed whether a maximum degree of effective and regular postal services to the area and community could be provided with rural delivery service in the absence of the Post Office, and the answer was affirmative.

The Postal Service determined that rural carrier service is more cost-effective than maintaining the La Grande postal facility. FD at I and IV. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a closing, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The postmaster will be offered a reassignment. The record shows that no other employee would be affected by this closing. FD at III; Item No. 33, Proposal, at III. Therefore, in

making the determination, the Postal Service considered the effect of the closing on the employees at the La Grande Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the La Grande Post Office on the provision of postal services and on the La Grande community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to La Grande customers. FD at I. The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). The Postal Service's decision to close the La Grande Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the La Grande Post Office be affirmed.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno
Chief Counsel, Global Business &
Service Development

Janine Castorina
Litigation Counsel

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-3069; Fax -6279
janine.castorina@usps.gov